•	CIDE	CENTRAL INTÈLLIGEN		REPORT	V. 11 A
COL	Sanitized Copy Appro	FORMATION	REPORT	CD NO.	XX40
COUNTRY	Germany (Russian	Zone)	er F	DATE DISTR. 31	may 51
SUBJECT	The Organization	of DAHA		NO. OF PAGES	25X1
PLACE ACQUIRED				NO. OF ENCLS.	
DATE OF NFO.				SUPPLEMENT TO REPORT NO.	25X
MISTAD BY LAW.	CORTAINS IMPORNATION APPROVISE THE TATES OFFICE TO THE TATES OF T	D PURZOU TE PRO- JEJ BIBITZD.	THIS IS UNEV	/ALUATED INFORMAT	71 0N 25X
	Until the end of]	oredecessor was the 1949, the Chief Dir Dr. Heyer and Gus	ectorate of DAI tay Meyer. Fro	MA, located at Sel	hickierstresse
2.	etc., were housed early 1950, however and financial admit that tire. Each I the DER administra Metallurgie, Minis	chanstalten) within at different addreing these Fachanstanistrations. A cell All A Fachanstalt retion concerned, the try of Heavy Industry	n DATA, such as sees in the Sou lten have each atraction ceives its trace at is, DAHA Met try, etc.	s PAHA Textil, DAI viet Sector of Ber had independent on of DAHA has not de instructions di tall from the Haup	A Netall, rlin. Since menagements existed since irectly from otabteilung
A c	etc., were housed early 1950, however and financial admit that tire. Each I the DDR administra Metallurgie, Minis DAMA, the so-calle is, in practice, t fuer Innerdeutsche Hauptabteilung Aus	chanstalten) within at different addrers, these Fachanstal vistrations. A cell MIA Fachanstalt retion concerned, the try of Heavy Industry of Heavy Industry of Heavy Industry and Ausselsenhandel. DAHA autrasse 61, Berlin,	n DAVA, such as sees in the Sou lten have each ntral direction ceives its trade at is, DANA Met try, etc. ency (Aussenhamt or the extendal plande) (known and DEAG, Deutse	s PAHA Textil, DAI viet Sector of Ber had independent in of DAHA has not de instructions di tall from the Haup indelstraeger) for led arm of the Mir as MAI, formerly the Ein- und Austr	MA Netall, rlin. Since menagements existed since irectly from otabteilung the East Zone, misterium HIAM), threesellschaft me imports
A c	trace agencies (Faster, were housed early 1950, however and financial admit that tire. Each I the DDR administra Metallurgie, Minis DAMA, the so-calle is, in practice, the fuer Innerdeutsche Hauptabteilung Aus m.b.H., Friedrichs into the Soviet Zo	chanstalten) within at different addrers, these Fachanstal vistrations. A cell MIA Fachanstalt retion concerned, the try of Heavy Industry of Heavy Industry of Heavy Industry and Ausselsenhandel. DAHA autrasse 61, Berlin,	n DAVA, such as sees in the Sou lten have each ntral direction ceives its trace at is, DANA Met try, etc. ency (Aussenham t or the extendal lknown and DEAG, Deutse share the mono	s DAHA Textil, DAH viet Sector of Ber had independent in n of DAHA has not de instructions di tall from the Haup indelstraeger) for ded arm of the Mir as MAI, formerly she Ein- und Austi probly on all of the	MA Netall, rlin. Since menagements existed since irectly from otabteilung the East Zone, misterium MIAM), where well schoft
3.	trade agencies (Faster, were housed early 1950, however and financial admitted that tire.) Each I the DDR administra Metallurgie, Minis DAMA, the so-calle is, in practice, the fuer Innerdeutsche Hauptabteilung Ausm.b.H., Friedrichs into the Soviet Zo In February 1951. Imports: All imports accrecy and known to the directors of in the East. Imports the East are fixed prices are often we	chanstalten) within at different addrear, these Fachansta wistrations. A cell All A Fachanstalt retion concerned, the try of Heavy Industry of Heavy Industr	n DAVA, such as sees in the Sou lten have each ntral direction ceives its trade at is, DANA Met try, etc. ency (Aussenhamt or the extended at the mono share the mono ceives its trade at is, DANA Met try, etc. ency (Aussenhamt or the extended at the extended at the mono ceiver the ceiver the mono ceiver the ceiver the ceiver the ceiver the mono ceiver the ceive the ceiver the ceiver the ceiver the ceiver the ceiver the ceive the ceiver the	s PAHA Textil, DAI viet Sector of Ber had independent in of DAHA has not de instructions di tall from the Haup indelstraeger) for ded arm of the Min as MAI, formerly the Ein- und Austr problem on all of the ministry on the availabil st of about 10-20 if the Eastern couries, cannot supp	Matall, rlin. Since managements existed since irectly from otabteilung the East Zone, misterium MAM), three sellschaft me imports 25% with absolute concerned and ity of goods for the proted from matries, whose ly the required selist world.
3.	trade agencies (Faster, were housed early 1950, however and financial admitted that tire.) Each I the DDR administra Metallurgie, Minis DAMA, the so-calle is, in practice, the fuer Innerdeutsche Hauptabteilung Ausm.b.H., Friedrichs into the Soviet Zo In February 1951. Imports: All imports accrecy and known to the directors of in the East. Imports the East are fixed prices are often we	chanstalten) within at different addrer, these Fachansta wistrations. A ce MIA Fachanstalt retion concerned, the tion concerned, the try of Heavy Industry of Indu	n DAVA, such as sees in the Sou lten have each ntral direction ceives its trade at is, DANA Met try, etc. ency (Aussenhamt or the extended at the mono share the mono ceives its trade at is, DANA Met try, etc. ency (Aussenhamt or the extended at the extended at the mono ceiver the ceiver the mono ceiver the ceiver the ceiver the ceiver the mono ceiver the ceive the ceiver the ceiver the ceiver the ceiver the ceiver the ceive the ceiver the	s PAHA Textil, DAI viet Sector of Ber had independent in of DAHA has not de instructions di tall from the Haup indelstraeger) for ded arm of the Min as MAI, formerly the Ein- und Austr problem on all of the ministry on the availabil st of about 10-20 if the Eastern couries, cannot supp	A Netall, rlin. Since managements existed since irectly from patable lung the East Zone, disterium MAM), three sellschaft me imports 25X with absolute concerned and ity of goods % of the morted from maries, whose lly the required
3.	trace agencies (Faster, were housed early 1950, however and financial admitted that tire.) Each I the DDR administra Metallurgie, Minis DAMA, the so-calle is, in practice, the fuer Innerdeutsche Hauptabteilung Ausm.b.H., Friedrichs into the Soviet Zo In February 1951. Imports: All imports the East, Imports the East, Imports the East, Imports the East are fixed prices are often wimports, DAMA is compared to the imports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports.	chanstalten) within at different addrer, these Fachansta wistrations. A ce MIMA Fachanstalt retion concerned, the tion concerned, the try of Heavy Industry of Industry	n DAVA, such as sees in the Soulten have each notral direction ceives its trade at is, DANA Met try, etc. ancy (Aussenham tor the extendandel (known and DEAG, Deutse share the mono extended at a plan rist officials plan is based allegedly considered agreements. I world market pure them in the	s PAHA Textil, DAI viet Sector of Ber had independent in of DAHA has not de instructions di tall from the Haup indelstraeger) for led arm of the Min as MI, formerly the Ein- und Austr problem of the ministry in the bandled s of the ministry is to about 10-20 is of all goods im if the Eastern courice, cannot supp e so-called canit	Matall, rlin. Since managements existed since irectly from otabteilung the East Zone, misterium MAM), three sellschaft me imports 25X with absolute concerned and ity of goods to the morted from matries, whose ly the required selick world.
3. 4.	trace agencies (Faster, were housed early 1950, however and financial admitted that tire.) Each I the DDR administra Metallurgie, Minis DAMA, the so-calle is, in practice, the fuer Innerdeutsche Hauptabteilung Ausm.b.H., Friedrichs into the Soviet Zo In February 1951. Imports: All imports the East, Imports the East, Imports the East, Imports the East are fixed prices are often wimports, DAMA is compared to the imports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports, DAMA is compared to the East are fixed prices are often wimports.	chanstalten) within at different addrer, these Fachansta wistrations. A cell Alla Fachanstalt retion concerned, the tion concerned, the try of Heavy Industry of Industry of Ficial trade all above the free commissioned to produce the free commi	n DAVA, such as sees in the Southern have each intral direction ceives its trade at is, DANA Met try, etc. Sincy (Aussenham to the extendinandel (known and DEAG, Deutschare the mono extended at a plan rist officials in plan is based allegedly considered agreements. I world market pure them in the pure the	s PAHA Textil, DAI viet Sector of Ber had independent in of DAHA has not de instructions di tall from the Haup indelstraeger) for led arm of the Min as MI, formerly the Ein- und Austr problem of the ministry in the bandled s of the ministry is to about 10-20 is of all goods im if the Eastern courice, cannot supp e so-called canit	Matall, rlin. Since managements existed since irectly from otabteilung the East Zone, misterium MAM), three sellschaft me imports 25X with absolute concerned and ity of goods to the morted from matries, whose ly the required selick world.
STATE #	trade agencies (Faster, were housed early 1950, however and financial admitted tire.) Each I the DDR administra Metallurgie, Minis Metallurgie, Minis DAMA, the so-calle is, in practice, the fuer Innerdeutsche Hauptabteilung Aus m.b.H., Friedrichs into the Soviet Zo In February 1951. Imports: All imports the fast are fixed prices are often we imports, DAMA is contacted the contacted prices are often we imports, DAMA is contacted the contacted prices are often we imports.	chanstalten) within at different addrer, these Fachansta mistrations. A cell Alla Fachanstalt retion concerned, the tion concerned, the try of Heavy Industry of Heavy Industr	n DAVA, such as sees in the Southern have each intral direction ceives its trade at is, DANA Met try, etc. Sincy (Aussenhart or the extend thandel (known and DEAG, Deutschart the mono extend thandel (known at DEAG, Deutschart the mono extend to a plan rist officials in plan is based allegedly considered dollar value agreements. If world market peure them in the pure them in the pure them in the pure them in the possible of the plan is based agreements. If world market peure them in the pure the pure the pure the pure the pure them in the pure	s PAHA Textil, DAI viet Sector of Ber had independent in of DAHA has not de instructions di tall from the Haup indelstraeger) for ded arm of the Mir as MAI, formerly the Ein- und Ausfu brooly on all of th Thersons which is handled to of the ministry on the availabil st of about 10-20 is of all goods im f the Eastern cour rice, cannot supp e so-called canit	Matall, rlin. Since managements existed since irectly from otabteilung the East Zone, misterium MAM), three sellschaft me imports 25X with absolute concerned and ity of goods to the morted from matries, whose ly the required selick world.

Sanitized Copy Approved for Release 2010/01/22: CIA-RDP82-00457R007700160005-2

CENTRAL INTELLIGENCE AGENCY

-2-

2	$\overline{}$	v	
_	υ	Л	

negotiations concerning the price and the quality of imports are conducted between DAHA and the actual foreign sales organization. DAHA must get approvat for each contract from the appropriate DDR ministry. It often happens that the ministry refuses to approve the purchase of items offered by a Western country, because the goods in question are already included in a trade treaty with one of the Eastern countries. If the Eastern country can or will supply the goods stipulated in the treaty, there is no further argument about the matter.

5.

25X1

25X1

Since about January 1951, DANA has been able to get insurance coverage on the goods in transit with the Black Sea Insurance Society, a Soviet firm. The goods are usually delivered to a jobber and are then transferred on instructions from DANA, or the Ministerium fuer Materialversorgung, to the actual distributor, consumer, or manufacturer in the DDR. The goods are inspected either at the border or in the receiving plant depending on the initial agreement. When imports are to be paid for with foreign currency, the final transfer of credit depends on this initial inspection.

- 6. Exports. While imports may be made through DAHA or DEAG) only, exports may be directly negotiated between the foreign purchaser and DDR firms not connected with DAHA. A distinction is made between DAHA transactions and external transactions. In DAHA transactions the particular DAHA Fachanstalt appears as the direct seller for the given supplying firm while in external transactions the actual firm is given as the seller. In the latter case, DAHA only examines the transaction for price and administration.
- 7. All export businesses submit export orders (Exportauftraege) for final approval to the appropriate Fachanstalt and ministry. Regarding this it is noteworthy that export orders for all goods to be exported are specified in the export plan in which minimum prices are fixed. In each case the ministry reserves the right to grant or withhold export orders whenever the trade and political situation with a western country is a decisive factor. The eastern states are for the most part given a special price for the goods, a price which is lower than that quoted the so-called capitalist countries. Upon approval by the ministry of the export order, it is returned through DAHA to the supplying or manufacturing firm which theoretically receives the necessary raw materials for the manufactures are left to themselves to expedite on their own initiative the procurement of the necessary raw materials.

8.	

- Almost all deliveries are pre-paid to the border, which means that freight and
 packing charges are covered by the foreign currency. Deliveries at the place
 of manufacture or supply are approved in the rarost cases only.
- 10. Western firms doing business with the DDR must accept certain conditions which do not agree with general commercial practices as they are understood in the West. Under these circumstances only the DER is in a position to protect itself fully. The western commercial partners must therefore employ every artifice known to them to protect themselves from loss. It is not unusual that the contracted deliveries cannot be made, because the suppliers or manufacturers lack the necessary raw materials. The fact that the credit balance may empire before the order is delivered is immaterial. When it expires, it is extended again and again, if the foreign buyer will put up with such practices. He has no legal claim for breach of contract. Claims for damage compensation are never accented.

SECRET/CONTROL - U.S. OFFICIALS ONLY

CONFIDENTIAL

25X1

- 11. Barter. All barter deals involving more than two DAHA Fachanstalten must be carried out by DAHA-Kompensation. The barter method of payment is seldom applied in transactions with those countries with which the DDR has signed trade agreements.
- 12. The type of goods to be imported is decisive in determing the nature of the goods which the DER chooses to employ for barter payment.

The barter goods are classified as A, B, and C goods according to their value.

Examples of A category goods are machines, various chemicals, fertilizers, newsprint, optical instruments, cameras, stockings, wool and cotton goods.

Examples of B category goods are chemicals, certain machines, electrical articles, porcelain goods, pianos, pottery, some enamel ware and artificial fabrics.

Examples of C category goods are illuminating glass, other glass articles, pottery, paper goods, toys, mouth organs and similar musical instruments.

- 13. Regotiations regarding price and quality are conducted by the Fachanstalt concerned, while the compensation section (DAHA-Kompensation) coordinates the price with the current trade and political situation. The compensation section also determines the type of goods to be exported as payment for imports. The compensation section not only concludes all barter contracts, but it also conducts all negotiations with foreign contractors concerning delivery dates, conditions of payment, and other matters pertaining to the fulfillment of the contract.
- 14. The barter contracts are made in ten copies, all of which must be signed by both parties to the agreement. They must also be signed not only by the director of the particular DAHA Fachanstalt but also by a director of the compensation section. After the contracts have been signed by DAHA, they go to the appropriate ministry for further approval. The contract is not legally valid until the foreign contractor presents in writing the approval of his government. Only then do deliveries begin.
- 15. In general, the barter contracts are drawn up in such a way that the foreign contractor must make delivery first. This means that the DDR does not release its goods until it has received the shippers' receipt indicating that the goods the DDR is importing have been received. It has happened that, in spite of the release of DDR raw material, the nanufacturer was not in the position to make deliveries as planned. Cases have occurred in which the DDR's barter exports have been outstanding for as long as 6 to 12 months after the delivery of the imports. The fact that the foreign contractor adds his loss of interest to the price is immaterial to the DDR.
- Recently, foreign countractors have insisted on so-called train to train exchanges; that is, they have insisted on the actual exchange of goods at the border through a reliable shipping agency. This is usually <u>Derutra</u> (German-Russian Transportation Agency) for the northern states and <u>Deutsche Spedition</u> for the western states. Firms Bertling handles it in Hamburg. Such train to train deliveries are frowned upon by the DDR, because the imports are always urgently needed and the DDR does not like to wait until its own exchange goods are ready for delivery abroad.

	•	
17.	2	5 X 1
		•

Often weeks clapse before deliveries under contract actually begin, because the export orders (Exportauftraege) must be coordinated with the barter contracts which sometimes involve exports from many firms. As the export orders are worked out, many questions arise which require working out with the delivering firm and this, in combination with the slowness of the mails, the slow working tempo of the offices, and the over-burdening of the employees, often takes weeks. On account of DANA's extremely complicated organization, in which one section keeps a check on the other, and the lengthy processing of the contract in the ministry, there may be a period of 6 - 8 weeks between

Sanitized Copy Approved for Release 2010/01/22: CIA-RDP82-00457R007700160005-2

CENTRAL INTELLIGENCE AGENCY

-4-

25X1

the time when the contracts are first signed by the contracting parties and the final approval. The conclusion of barter transactions at world market prices is virtually impossible.

19. All barter contracts with the DDR, whether they have originated in a ministry, in a DAHA Fachanstalt or in DEAG are, upon final approval, administered and supervised by the DAHA compensation section until fulfilled by both parties.

DEAG. DEAG (Deutsche Ein-und Ausfuhr-Gesellschaft) performs a similar function to that of DAHA and is generally considered to be an SED enterprise. Richter (fnu) is no longer its head. One of its most influential executives is (fnu) Schneider. The chief tasks of DEAG are a) the procurement of foreign exchange and b) the import of additional raw materials not covered in the plans.

25X1

DEAG barter transactions are often administered through DAHA in order to give the impression that there is no convetition between the two agencies.

SECRET/CONTROL - U.S. OFFICIALS ONLY